

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT-  
INTERNATIONAL MERCHANDISE RETURN SERVICE  
NON-PUBLISHED RATES

Docket No. MT2013-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF CHANGE TO  
MARKET TEST OF EXPERIMENTAL PRODUCT-  
INTERNATIONAL MERCHANDISE RETURN SERVICE – NON-PUBLISHED RATES**  
(October 1, 2014)

In its initial filing in this docket, the Postal Service stated that should it undertake to execute additional bilateral agreements with other foreign postal operators to offer the International Merchandise Return Service (IMRS), it would provide notice to the Postal Regulatory Commission (Commission) and furnish an updated model contract, updated prices, and supporting financial information in this docket.<sup>1</sup> Consistent with the Postal Service's initial filing in this docket, and recently adopted Rule 3035.6,<sup>2</sup> the Postal Service hereby provides notice that it has negotiated an additional bilateral agreement with the Royal Mail Group Limited for the provision of IMRS for returns from the United Kingdom, thereby expanding the geographic scope of, and service options for, IMRS-NPR.

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<sup>1</sup> Notice of the United States Postal Service of Market Test of Experimental Product – International Merchandise Return Service – Non-Published Rates (IMRS-NPR) and Notice of Filing IMRS-NPR Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, PRC Docket No. MT2013-2 (July 1, 2013), at 7.

<sup>2</sup> See Order Adopting Final Rules for Market Tests of Experimental Products, PRC Docket No. RM2013-5 (August 28, 2014), at 45. As the Commission's Order indicates, the new rules were adopted as set forth in the order, and will be effective 30 days after publication in the Federal Register. The Postal Service notes that while the new rules are not applicable to the instant notice, the notice is consistent with the Commission's treatment of market test modifications in Docket No. RM2013-5 by providing at least 10 days-notice of the change in geographic scope prior to implementation of the change.

In support of this Notice, and as discussed in its initial filing, the Postal Service has included a revised redacted version of the International Merchandise Return Model Customized Global Mail Agreement ("Model Contract"), filed as Attachment 1 and an Application for Non-Public Treatment, filed as Attachment 2. The Model Contract has been revised to include a new Annex 3 which provides prices for IMRS items received from the United Kingdom. Additionally, redacted versions of the supporting financial documents for the IMRS-NPR Model Contract regarding these prices are included with this filing in separate Excel files. Unredacted versions of the Model Contract and financial spreadsheets are being filed separately with the Commission under seal.

All other aspects of the IMRS market test as detailed in this docket remain unchanged and consistent with Order No. 1806, and therefore, nothing in this notice should impact the Commission's determination that the market test is consistent with 39 U.S.C. § 3641, and that an extension is warranted under 39 U.S.C. § 3641(d)(2).<sup>3</sup>

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<sup>3</sup> Order No. 1806, Order Authorizing Market Test to Proceed and Granting Extension, PRC Docket No. MT2013-2 (August 12, 2013), at 16-17.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

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October 1, 2014

**GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN  
THE UNITED STATES POSTAL SERVICE AND  
COMPANY NAME**

This Agreement (“Agreement”) is between **Company Name** (“Mailer”), with offices at **Street, City St, ZIP+4**, and the United States Postal Service (“USPS”), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L’Enfant Plaza SW, Washington, DC 20260-9998. The Mailer and the USPS may be referred to individually as a “Party” and together as the “Parties.”

**INTRODUCTION**

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein;

WHEREAS, the Parties desire to be bound by the terms of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

**ARTICLE 1. PURPOSE OF THE AGREEMENT**

This Agreement shall govern the use the Mailer may make of customized mail service for International Merchandise Return Service from designated countries as specified in Annexes to this Agreement.

**ARTICLE 2. DEFINITIONS**

As used in this Agreement:

1. “IMM” means the *International Mail Manual* as found on the USPS website [pe.USPS.com](http://pe.USPS.com) on the date of mailing.
2. “DMM” means the *Domestic Mail Manual* as found on the USPS website [pe.USPS.com](http://pe.USPS.com) on the date of mailing.
3. “Qualifying Mail” means mail that meets the requirements set forth in Article 3 of this Agreement.
4. “Effective Date” means the first date on which the USPS is willing to accept Qualifying Mail.

**ARTICLE 3. QUALIFYING MAIL**

Qualifying Mail under this Agreement is International Merchandise Return Service (IMRS). IMRS is a non-published service offered by the USPS. IMRS allows for items tendered to Postal Operators in designated countries and which are intended for delivery to addressees in the United States without payment of postage in the designated country. The USPS collects postage and fees for these items from the Mailer in the United States. Qualifying Mail must bear a special label provided by the Mailer.

#### **ARTICLE 4. SPECIFIC PREPARATION REQUIREMENTS**

All items mailed under this Agreement must conform to the preparation requirements as defined in separate Preparation Requirement documents specific for each designated country. The USPS shall provide the Mailer with such Preparation Requirement documents prior to the Effective Date of this Agreement.

#### **ARTICLE 5. OBLIGATIONS OF THE USPS**

The USPS hereby agrees:

1. Transportation. To coordinate with the appropriate postal authority for the country in which the International Merchandise Return Service items are tendered for delivery of those items in the United States.
2. Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements.

#### **ARTICLE 6. OBLIGATIONS OF MAILER**

The Mailer hereby agrees:

1. Qualified Business Reply Mail (QBRM) Program. To participate in either the Qualified Business Reply Mail (QBRM) Program by paying the prescribed accounting fee in accordance with IMM 382.3 and DMM 505.1 or the Merchandise Return Service (MRS) program (see DMM 505). It is not necessary for the Mailer to obtain a separate permit to have IMRS items processed through their advance deposit account.
2. Postage. To pay postage for Qualifying Mail according to the prices listed in the applicable Annex(es) to this Agreement.
3. Payment Method. To pay postage directly to the USPS for all Qualifying Mail by use of an advance deposit account for Merchandise Return Service. It is not necessary for the Mailer to obtain a separate permit to have IMRS items processed through their advance deposit account.
4. Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Postal Regulatory Commission.
5. Origin Country Requirements. To comply with any requirements or orders of the Postal Operator of the country in which the IMRS shipment is tendered or any applicable laws of the country of origin.

#### **ARTICLE 7. MODIFICATION OF PRICES**

1. In the event that the USPS incurs an increase in [REDACTED], the USPS shall notify the Mailer and modify the price established under this Agreement. The increase in price shall be the same flat rate as the increase in costs.

2. The USPS will give the Mailer thirty (30) days notice of any change to the price established under this Agreement.
3. Any revision to the price(s) established under this Agreement shall not be retroactive.

#### **ARTICLE 8. NO SERVICE GUARANTEE**

Nothing in this Agreement shall be construed as a representation or guarantee by the USPS that Qualifying Mail will be delivered to the appropriate addresses within any particular time.

#### **ARTICLE 9. CUSTOMS DUTIES AND TAXES**

The USPS shall not be liable for any Customs duties and/or taxes for items mailed under this Agreement.

#### **ARTICLE 10. TERM OF THE AGREEMENT**

The USPS will notify the Mailer of the Effective Date of the Agreement within thirty (30) days after the Agreement has been executed. The Agreement will remain in effect for one calendar year from the Effective Date, unless terminated sooner pursuant to Article 11 or Article 12.

#### **ARTICLE 11. TERMINATION OF THE AGREEMENT**

1. Either Party to this Agreement, in its sole discretion, may terminate the Agreement for any reason, without cost, fault, or penalty, regardless of whether either Party is in default, upon a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party.
2. Should the USPS publish prices for International Merchandise Return Service, this Agreement shall terminate at 11:59 p.m. on the date prior to the date such prices go into effect.

#### **ARTICLE 12. MODIFICATION OF THE AGREEMENT**

1. Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 7, shall be binding only if placed in writing and signed by each Party.
2. Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the Board of Governors of the USPS, the Governors of the USPS, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS.
3. If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained.

4. The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS.
5. The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process.

#### **ARTICLE 13. ENTIRE AGREEMENT AND SURVIVAL**

1. This Agreement, including all Annexes thereto, shall constitute the entire agreement between the Parties regarding International Merchandise Return Service and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement. The provisions of Article 5, Paragraph 2; Article 6, Paragraph 4; and Article 14 shall expire ten (10) years from the date of termination or expiration of this Agreement.
2. In the event that either the Mailer or the USPS terminates this Agreement under the terms of Article 11 or Article 12 before the normal expiration date, or in the event that the Mailer and the USPS do not enter into a customized agreement upon the expiration of this current Agreement, Article 24 shall survive termination or expiration of this Agreement. All other Articles of this Agreement shall survive termination or expiration of this Agreement to the sole extent that they bear on the Parties surviving obligations under Article 24.

#### **ARTICLE 14. CONFIDENTIALITY**

The Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, [www.prc.gov](http://www.prc.gov). In addition, the USPS may be required to file information in connection with this instrument (including revenue, cost, or volume data) in other Commission dockets, including PRC Docket Numbers ACR2013, ACR2014, and/or ACR2015. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website: [www.prc.gov/Docs/63/63467/Order225.pdf](http://www.prc.gov/Docs/63/63467/Order225.pdf). At the request of the Mailer, the USPS will notify the Mailer of the docket number of the Commission proceeding to establish the prices in this instrument once assigned.

#### **ARTICLE 15. FORCE MAJEURE**

Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, labor disputes or shortages, governmental laws,

ordinances, rules and regulations, whether valid or invalid, court orders whether valid or invalid, inability to obtain material, equipment or transportation, and any other similar or different contingency.

#### **ARTICLE 16. EFFECT OF PARTIAL INVALIDITY**

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect.

#### **ARTICLE 17. LIMITATION OF LIABILITY: INSURANCE**

The USPS shall not be liable for any loss of Qualifying Mail or damage to Qualifying Mail mailed under the terms of this Agreement.

#### **ARTICLE 18. INDEMNITY**

The Mailer shall indemnify and hold harmless the USPS and its officers, agents, and employees from any and all claims, losses, costs, damages, or expenses ("Claims") growing out of or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, except for Claims arising out of the negligence or willful misconduct of the USPS or of its officers, agents, or employees. Notwithstanding its obligation to indemnify the USPS, the Mailer shall not be liable for any consequential damages suffered by the USPS.

#### **ARTICLE 19. GOVERNING LAW**

This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

#### **ARTICLE 20. ASSIGNMENT**

The rights of each Party under this Agreement are personal to that Party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other Party.

#### **ARTICLE 21. NO WAIVER**

The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

#### **ARTICLE 22. PARAGRAPH HEADINGS AND REFERENCE CITATIONS**

The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM and IMM within this Agreement are intended to refer to the substantive information found within the cited section(s) at the time this Agreement is signed by the Parties. Subsequent changes to the citations or the relevant substantive information due to published



revisions of the DMM or IMM shall be applicable to this Agreement upon the effective date of such revisions.

#### **ARTICLE 23. MAILABILITY, CUSTOMS, AND IMPORTABILITY**

All items mailed under this Agreement must conform to the mailability requirements of the country in which the items are tendered, must conform to the customs requirements of the United States of America, and conform to the importation and mailability restrictions of the United States of America available at:  
<http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>.

#### **ARTICLE 24. CONTINGENCY PRICES**

In the event that either the Mailer or the USPS terminates this Agreement under the terms of Article 11 or Article 12 before the normal expiration date, or in the event that the Mailer and the USPS do not enter into a customized agreement upon the expiration of this current Agreement, the Mailer shall pay postage for any Qualifying Mail the USPS receives after the agreed upon termination date or expiration date, as appropriate, [REDACTED]  
[REDACTED] (Contingency Prices). The Contingency Prices shall be valid for [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] of the termination of this current agreement.

#### **ARTICLE 25. NOTICES**

All notices or demands required by this Agreement shall be sufficient if delivered personally or mailed, by Express Mail, to the following individuals:

**To the USPS:**

Managing Director and Vice President, Global Business  
United States Postal Service  
475 L'Enfant Plaza SW Room 1P830  
Washington, DC 20260-0830

**To the Mailer:**

Name  
Title  
Company Name  
Address 1  
Address 2

or via e-mail:

**To the USPS at:** [icmusps@usps.gov](mailto:icmusps@usps.gov)

**To the Mailer at:** [e-mail address](#)

## **ARTICLE 26. COUNTERPARTS**

The Parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all Parties need be signatories to the same documents, and all counterpart-signed documents shall be deemed an original and one instrument.

## **ARTICLE 27: INTELLECTUAL PROPERTY, CO-BRANDING AND LICENSING**

The Parties acknowledge that in the service of marketing the products under this Agreement that such product marketing may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property other than to refer to the trademark owner or the trademark owner's services until such time that a license for such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which shall include but not be limited to any recordation requirements.

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In witness whereof, each Party to this Agreement has caused it to be executed as indicated below.

**ON BEHALF OF THE UNITED STATES POSTAL SERVICE:**

Signature: \_\_\_\_\_

Name: Frank A. Cebello

Title: Executive Director, Global Business Management

Date: \_\_\_\_\_

**ON BEHALF OF COMPANY NAME:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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|---------|---|
| Annex 1 | PRICES FOR INTERNATIONAL MERCHANDISE RETURN SERVICE<br>ITEMS RECEIVED FROM CANADA             |
| Annex 2 | PRICES FOR INTERNATIONAL MERCHANDISE RETURN SERVICE<br>ITEMS RECEIVED FROM AUSTRALIA          |
| Annex 3 | PRICES FOR INTERNATIONAL MERCHANDISE RETURN SERVICE<br>ITEMS RECEIVED FROM THE UNITED KINGDOM |

**ANNEX 1**

**PRICES FOR INTERNATIONAL MERCHANDISE REPLY SERVICE ITEMS  
RECEIVED FROM CANADA**

Weight In Pounds	Price		Weight In Pounds	Price	
0.5	\$	-	34	\$	-
1	\$	-	35	\$	-
2	\$	-	36	\$	-
3	\$	-	37	\$	-
4	\$	-	38	\$	-
5	\$	-	39	\$	-
6	\$	-	40	\$	-
7	\$	-	41	\$	-
8	\$	-	42	\$	-
9	\$	-	43	\$	-
10	\$	-	44	\$	-
11	\$	-	45	\$	-
12	\$	-	46	\$	-
13	\$	-	47	\$	-
14	\$	-	48	\$	-
15	\$	-	49	\$	-
16	\$	-	50	\$	-
17	\$	-	51	\$	-
18	\$	-	52	\$	-
19	\$	-	53	\$	-
20	\$	-	54	\$	-
21	\$	-	55	\$	-
22	\$	-	56	\$	-
23	\$	-	57	\$	-
24	\$	-	58	\$	-
25	\$	-	59	\$	-
26	\$	-	60	\$	-
27	\$	-	61	\$	-
28	\$	-	62	\$	-
29	\$	-	63	\$	-
30	\$	-	64	\$	-
31	\$	-	65	\$	-
32	\$	-	66	\$	-
33	\$	-			

**CONFIDENTIAL**

## ANNEX 2

### PRICES FOR INTERNATIONAL MERCHANDISE REPLY SERVICE ITEMS RECEIVED FROM AUSTRALIA

Weight In Pounds	Price		Weight In Pounds	Price	
0.5	\$	-	34	\$	-
1	\$	-	35	\$	-
2	\$	-	36	\$	-
3	\$	-	37	\$	-
4	\$	-	38	\$	-
5	\$	-	39	\$	-
6	\$	-	40	\$	-
7	\$	-	41	\$	-
8	\$	-	42	\$	-
9	\$	-	43	\$	-
10	\$	-	44	\$	-
11	\$	-	45	\$	-
12	\$	-	46	\$	-
13	\$	-	47	\$	-
14	\$	-	48	\$	-
15	\$	-	49	\$	-
16	\$	-	50	\$	-
17	\$	-	51	\$	-
18	\$	-	52	\$	-
19	\$	-	53	\$	-
20	\$	-	54	\$	-
21	\$	-	55	\$	-
22	\$	-	56	\$	-
23	\$	-	57	\$	-
24	\$	-	58	\$	-
25	\$	-	59	\$	-
26	\$	-	60	\$	-
27	\$	-	61	\$	-
28	\$	-	62	\$	-
29	\$	-	63	\$	-
30	\$	-	64	\$	-
31	\$	-	65	\$	-
32	\$	-	66	\$	-
33	\$	-			

**CONFIDENTIAL**

### ANNEX 3

#### PRICES FOR INTERNATIONAL MERCHANDISE REPLY SERVICE ITEMS RECEIVED FROM THE UNITED KINGDOM

Weight In Pounds	Price		Weight In Pounds	Price	
0.5	\$	-	34	\$	-
1	\$	-	35	\$	-
2	\$	-	36	\$	-
3	\$	-	37	\$	-
4	\$	-	38	\$	-
5	\$	-	39	\$	-
6	\$	-	40	\$	-
7	\$	-	41	\$	-
8	\$	-	42	\$	-
9	\$	-	43	\$	-
10	\$	-	44	\$	-
11	\$	-	45	\$	-
12	\$	-	46	\$	-
13	\$	-	47	\$	-
14	\$	-	48	\$	-
15	\$	-	49	\$	-
16	\$	-	50	\$	-
17	\$	-	51	\$	-
18	\$	-	52	\$	-
19	\$	-	53	\$	-
20	\$	-	54	\$	-
21	\$	-	55	\$	-
22	\$	-	56	\$	-
23	\$	-	57	\$	-
24	\$	-	58	\$	-
25	\$	-	59	\$	-
26	\$	-	60	\$	-
27	\$	-	61	\$	-
28	\$	-	62	\$	-
29	\$	-	63	\$	-
30	\$	-	64	\$	-
31	\$	-	65	\$	-
32	\$	-	66	\$	-
33	\$	-			

**CONFIDENTIAL**

**APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR  
NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the notice that the Postal Service is changing the scope of the International Merchandise Return Service market test. The Postal Service is filing separately under seal with the Commission unredacted versions of the revised International Merchandise Return Model Customized Global Mail Agreement (“Model Contract”) and related financial materials. The Postal Service has filed redacted versions of these materials with the Notice.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(3) and (4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).<sup>1</sup> Because the portions of materials filed non-publicly in this docket fall

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<sup>1</sup> The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement

within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and e-mail address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

Third parties that may have a proprietary interest in the information in this filing include the designated operator or foreign post with which the U.S. Postal Service settles accounts: Royal Mail Group Limited.

Consistent with a contractual commitment to Royal Mail Group Limited (Royal Mail), and in compliance with 39 C.F.R. § 3007.20(b), the Postal Service has already informed Royal Mail of filings of this nature through terms in the bilateral agreement and Royal Mail's ability to address its confidentiality concerns directly with the Commission. Due to the sensitive nature of the Postal Service's rate relationship with Royal Mail, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices. The Postal Service identifies as an appropriate contact person Ms. Arneece Williams, Acting Director, Global Business Solutions. Ms. Williams's phone number is (202) 268-6705, and her email address is Arneece.L.Williams2@usps.gov.

The Postal Service also intends to file, in the future, the customer-specific IMRS-NPR agreements. When such agreements are filed, the customer with which the agreement is made would have a proprietary interest in the materials. Article 14 of the Model Contract provides each customer with notice of the Postal Service's intent to file

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interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.



the agreement with the Commission and its intent to seek non-public treatment of the information the Postal Service determines may be withheld from public disclosure. The notice gives the customer information about how to raise its confidentiality concerns directly with the Commission. Each customer will identify a point of contact as shown in in Article 25 of the Model Contract, which the Commission may use, should it determine that there is a need to provide notice of information requests or anticipated disclosures in the future.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with its Notice filed in this docket, the Postal Service included a financial model that demonstrates how the Postal Service developed the rates. This model was filed under seal, with redacted copies filed publicly. The Postal Service maintains that the redacted portions of these materials should remain confidential as sensitive business information. Additionally, the Model Contract includes highlighted sections that may contain information that will be redacted when the customer-specific agreements are filed in this docket in the future.

The redactions to the materials identified above protect sensitive commercial information concerning the applicable cost-coverage, and the non-published rates themselves.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

The redactions to the materials identified above include the Postal Service's specific non-published rate and cost information, and the prices charged by foreign postal operators for the return pieces, which are highly confidential in the business

world. If this information were made public, the Postal Service's competitors would have the advantage of knowing the range of prices that may be offered by the Postal Service to its IMRS-NPR customers. Thus, competitors would be able to take advantage of the information to offer lower pricing to the IMRS-NPR customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the international merchandise returns service market.

Potential customers could also take advantage of the information in negotiating the specific rates to be applied to their circumstances. They could demand the absolute floor, when it would otherwise be possible in some cases for the Postal Service to offer a higher, but still competitive rate.

The redactions in the financial models include commercially sensitive business information from which the particular prices are generated, while maintaining statutory cost-coverage requirements. Public disclosure of this information would give competitors an exact model of Postal Service pricing that could be used to develop lower pricing to present to customers in an attempt to convert them from contracts with the Postal Service.

Additionally, the redactions in the financial models also protect sensitive, nonpublished price information regarding Royal Mail. These redactions are explained in the applications for nonpublic treatment included with the bilateral agreement with Royal Mail filed on September XX, 2014. To the extent necessary, the Postal Service incorporates those applications by reference.

Further, the customer-identifying information redacted from the merchant agreements to be filed in the future could be used by competitors to target their marketing efforts on current USPS customers.

If the costing, rate, and customer-identifying information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Identified harm: Public disclosure of established rates and the financial model would be used by competitors to the detriment of the Postal Service.

Hypothetical: A competitor offering a return service obtains a copy of the financial models from the Postal Regulatory Commission's website. The competing service reviews the rates and the model and then sets its own rates for products similar to what the Postal Service offers its IMRS-NPR customers under the Postal Service's rates. The competing service promotes its ability to beat the Postal Service on price for international merchandise returns services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the business-to-business and business-to-customer international merchandise return services market for which the IMRS-NPR product is designed.

Identified harm: Public disclosure of the rate information in the financial models would provide potential customers extraordinary negotiating power to extract lower rates.

Hypothetical: A customer with the rate information included in the financial model could, on a cell by cell basis, demand the lowest possible rate in every rate cell, knowing that the Postal Service's approved rates include those floor amounts. Armed with the rate information, a customer could threaten that it will not use the Postal Service for its international return service needs if it does not receive the lowest possible rates. This would severely threaten the Postal Service's ability to offer competitive but profitable rates to its customers within the minimum and maximum rates established by the Governors' for each rate cell.

Identified harm: Public disclosure of identifying information concerning a customer would give competitors a marketing advantage.

Hypothetical: A competitor is able to identify Postal Service customers being offered IMRS-NPR rates from information provided on the PRC's website. The competitor uses this information to contact the customer directly and attempt to undersell the Postal Service and obtain new business from the Postal Service's customer.

Identified harm: Public disclosure of rates paid by foreign postal operators to the USPS would give competitors and other foreign postal operators insight into the operating costs of the USPS and leverage in any bilateral negotiations.

Hypothetical: A foreign postal operator is able to ascertain how much the relevant designated operators pay the Postal Service for delivery of parcels entering the United States from designated operators' countries. The foreign postal operator uses this information in negotiations with the USPS. Knowing what the rate is for the relevant designated operators allows them to demand at least that low, and possibly lower, rates.

Identified harm: Public disclosure of rates paid to foreign postal operators by the USPS would give competitors insight into the operating costs of the USPS.

Hypothetical: A competitor is able to ascertain how much the USPS pays to a foreign postal operator for delivery of return parcels. The competitor can use that information to undersell the USPS by devising lower cost solutions.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international merchandise return products (including both private sector integrators and foreign postal administrations), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof;**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

The Postal Service plans to file future customer agreements in this docket. The Postal Service considers this Application sufficient to fulfill its regulatory requirements for justifying its determinations that the information redacted from those materials should be treated as non-public.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.